



SPACE RENTAL STRATEGIES FOR MISSION AND SUSTAINABILITY

Introduction

Opening up your church facilities for community use is becoming a best practice for mission outreach and financial sustainability. Many churches that share their space have ad hoc agreements with the groups that use their facilities. This document helps churches develop or update a comprehensive policy for sharing their buildings and determining a fee schedule for various uses. This is a resource for council members, staff and trustees as you open up your space for community use and benefit. Not only will these strategies create transparency and consistency for your church in sharing your space, they also help to address potential concerns regarding tax status and discrimination.

Articulate Your Reasons

Sharing your church buildings with community groups is a great way to expand your mission in the community, strengthen relationships and increase your income to support property maintenance. Depending on your church's unique experience in sharing space or pursuing community partnerships, you will have unique goals for increasing or streamlining your space rental strategies. Clarifying your goals and your reasons for sharing space is critical to your success. Work with your church council and staff to communicate — both internally and externally — why you are sharing your space.

Describe How Sharing Space Enhances Your Mission

Your building is a vehicle for your mission in the community. Articulating its use and purpose to enhance your mission can help clarify recruitment strategies, revenue goals and congregational messaging. Refer to the “Messaging Your Mission” activity to frame these conversations and communications.

What key mission priorities are facilitated by use of our building?

Who is served by our building and the programs it hosts?

How does hosting external programs and groups increase our capacity for mission?

Describe How Sharing Space Strengthens Relationships

The people who use your building will get to know your church — your staff and volunteers as well as your facilities. Being a familiar place in the community makes your church more approachable, friendly and welcoming to community stakeholders and residents.

Whom do we know in the community because they use our building?

What have we learned about our community through relationships with our space users?

What conversations or events has our church been invited to by a space user?

Describe How Sharing Space Contributes to Your Financial Goals

Though most church space-sharing fees are way below market rate, they can go a long way to cover the cost of the building (utilities, regular maintenance, emergency maintenance, etc.). A detailed process of determining rental rates and income goals, based on facilities, is described later in this document.

What is our current annual revenue from space rental?

How have our space users contributed to our building's upkeep?

What revenue do we hope to bring in from increased space rentals?

Facility Costs and Rental Rates

Asking a fee for space use will help your church improve its financial sustainability. Facilities cost money to operate, and everyone who uses your space contributes to those costs. The money you gain in rentals can help to cover the overall costs of repairing and maintaining your properties, which frees up member donations and pledges to be used for mission and other operating expenses. The cost of using your space will generally fall below the market rate, meaning that the groups who use your space will save money that can be redirected toward their work and services — you're supporting them, and they're supporting you.

The fees you charge for space use should connect directly to the cost of the facilities' upkeep and management. Finding the actual cost of your facilities will provide you with a baseline cost for space users; you may decide to discount or increase a specific group's fee from that baseline, based on additional factors.

STEP 1 Identify Direct Facility Costs

Everyone who uses your building benefits from its utilities, maintenance and staff time. You can use "Rental Guidance Worksheet" to track your costs and calculate the total. For these calculations, you'll need your most recent end-of-year financial report or your budget for this year, whichever you think is more accurate.

Everyone uses and benefits from your utilities. Using last year's end-of-year financial report or this year's budget, identify the annual cost of:

- Electricity.
- Gas.
- Water.
- Sewage.
- Internet.
- Liability insurance.

In addition to utilities, everyone who uses your building also benefits from the miscellaneous costs of keeping it clean and safe. Using last year's end-of-year financial report or this year's budget, identify the annual cost of:

- Cleaning supplies.
- Regular maintenance supplies.
- Regular maintenance labor (e.g., plumber).
- Emergency maintenance projects (e.g., fixing a leak in the roof).
- Snow removal.
- Pest control.
- Landscaping.
- Other maintenance and upkeep costs.

Your staff spend some of their time looking after the building and managing outside users, and their costs can be partially covered by rental rates. For each staff position, determine a percentage of time during which their work directly contributes to the maintenance and management of the facilities. Consider the following tasks — who is responsible for them, and what percentage of their time is spent on them?

- Cleaning the building
- Facility maintenance and repair
- Setting up / tearing down events
- Negotiating agreements between the church and space users
- Managing the schedule of activities and events in the facilities
- Collecting rent payments and space-use fees
- Liaising with space users to address questions and concerns
- Contracting and supervising maintenance and cleaning labor

For each staff position, multiply its total cost by the percentage of time the staff member dedicates to building maintenance; the resulting dollar amount should be considered in rent/fee calculations.

Add up all these annual costs to determine the total annual cost of operating your facilities. These numbers may change from year to year, based on inflation, changes in building use, etc. — that's OK! You should revisit your rates on an annual basis to make sure that your rental fees are based on the true cost of operating your facilities.

STEP 2

Calculate Your Annual Cost per Square Foot

Locate your church's floor plans or blueprints; these will help you calculate the square footage of your entire facilities. If you do not have blueprints or floor plans, take a measuring tape and record the length and width of each individual space. Account for every inch of floor space you can; include hallways, bathrooms, corridors, the boiler room, storage rooms, etc. Use the attached worksheet to keep track.

List every individual space in your facilities, along with its square footage. Assign one of the following designations to each space:

Circulation — Spaces used to get from one room to another. These include hallways, corridors, the narthex, etc.

Restrooms.

MEP — Short for mechanical, engineering, plumbing. These are spaces that house utility apparatuses (e.g., the boiler room).

Assembly — Large gathering spaces that are flexible in use (e.g., sanctuary, fellowship hall).

Program — Spaces that facilitate individual programs (e.g., classrooms, parlors).

Business — Individual spaces used for church administrative purposes only (e.g., the pastor's office).

Storage — Spaces that can be used only for storage (e.g., spaces with no second egress). Classrooms or offices being used for storage should be categorized as either "program" or "business."

Kitchen — Spaces used for food prep or service (include kitchenettes).

Add up all the individual spaces' areas to identify the total square footage of your facilities. Divide the total annual cost of operating your facilities (Step 1) by the total square footage; this is your **annual cost per square foot**. Multiplying a room's square footage by the annual cost per square foot will give you an annual cost for that room's use, which you can then divide by 12 for a monthly rate, by 52 for a weekly rate or by 365 for a daily rate.

If these rates are comparable to those of other churches and public spaces in your community (e.g., the local YMCA or VFW chapter), then these are good rates to use. If these calculated rates are higher than those of other churches and public spaces, then adjust your goals for space use income.

STEP 3

Modify Costs for Different Users

You now have your baseline cost for the facilities, which you can modify based on a variety of factors. Utilize any method below that makes sense, based on how your building is currently being used, your capacity to manage rentals, your campus configuration, your mission priorities, etc.

Option 1: Include a Common Space Surcharge

Any group or organization that uses your building utilizes more than just the room they're renting; think about the restrooms, the hallways they use to navigate the building and the boiler room that keeps them warm. Including a common space surcharge ensures that their rent contributes to the upkeep of spaces in your building that are shared by everyone.

1. Identify the **total program space** of your facilities. This includes all spaces used for programs, activities and events, by the church or by outside groups and organizations. These include spaces you categorized as "assembly," "program" and "business" in Step 1, above. Calculate the total square footage of program space.
2. Divide the **total square footage of the facilities** (calculated in Step 2, above) by the **total program space**. This results in a "**load factor**," which will help divide the costs of common spaces among all users of the building, based on the square footage they use for their program/activity. Your load factor should be between 1.0 and 1.5.
3. Multiply the square footage of each individual space you hope to share/rent by the load factor. This results in the **rentable square footage** for each space; it includes both the area that a particular group uses and a portion of the common areas that everyone uses. Use this rentable square footage to calculate rent/fees for use (rentable square footage times basic cost per square foot).

If you have multiple buildings, or if you have entire sections/wings of a building that are independently accessible, adjust your **total square footage** to include only the parts of the campus that renters can access.

Option 2: Create Fee "Tiers" Based on Mission Priorities

The many different organizations, groups and individuals that use your space are like a basket of fruit — it's hard to compare apples to oranges to bananas. Your church might want to ask a different fee from a 12-step group than from a yoga teacher, even if they use the same space for the same amount of time.

Your method of assigning fees to different users will vary, but it is important to be consistent in how you apply that method. Some questions to consider might be:

- The alignment of the group's mission with your mission.
- The potential benefit to the wider community.
- Established norms (e.g., 12-step groups normally give a monthly free-will donation).
- The group's ability to pay your base cost.

Many churches have just two rates for space rentals: one for nonprofit organizations and another for businesses/events. You may choose to add another rate for church members.

Option 3: Create Different Fees for Special Events

Not all activities and events produce the same wear-and-tear on the space — a large family gathering will have a different impact on your fellowship hall than a community meeting will have. It can be helpful to establish a separate rate for large events and gatherings that takes into account trash removal, possible minor damage (e.g., clogged plumbing) and church staff or volunteer labor to set up and break down the event. The easiest way to adjust rates is to add a “heavy use fee” to cover any additional cleaning costs or labor.

Option 4: Cost Comparison

Most churches won't want to charge the market rate for their spaces because the market rate seeks to maximize profit. However, comparing rental charges to those of similar spaces can help your church ensure that your fees are reasonable, based on your amenities and local demand. Compare your rental rates and use fees with those of other churches in your area, your local YMCA or senior center, and other civic service properties (e.g., the local VFW). If their rates are significantly higher than yours, you may want to consider raising your rates so you don't undercut similar organizations in your community. If their rates are significantly lower than yours, you might want to investigate the factors that are driving up the cost of your building use and to recalculate fees (and goals for space rental income) accordingly.

STEP 4

Set a Financial Goal for Space Rentals

Now that you have identified the true cost of your facilities and the rental rates for different users, you are ready to set a goal for sharing your space. Based on the organizations and groups that currently use your space, the demand for different types of space in your community and the space you have available, set a target for space-sharing income, which should be a percentage of your overall facilities cost (calculated in Step 1). Think about:

- How much of your space could be dedicated to exclusive or long-term renters?
- How many one-off events could your staff and volunteers manage?
- What potential might there be for events that would bring in higher income (e.g., a concert in partnership with a local symphony)?
- What kinds of events and programs in your community are always in need of space?

See “Sample Church Rental Rubric” for a helpful framework.

Strategic Recruitment

Your church buildings are not blank slates or empty shells; they support the life of your congregation and provide vital places for God's work to be done in the world. Your facilities are unique; there are various types of spaces used for many different activities and programs. A good understanding of the kinds of spaces you have, and what you want them to be used for, will help you recruit partners whose use of the space satisfies your financial and missional goals.

STEP 1

Assess Your Current Use

Revisit the list of individual spaces you created in Step 2 of "Facility Costs and Rental Rates." Now you're going to assess who can use these spaces and how often they are currently used. This will help your church consider how you might rearrange and consolidate your own programming, as well as which spaces you can advertise and promote to new users.

For each space (except MEP and circulation spaces), determine how open your church is to allowing other groups to use that space. Choose between:

Church Only — Spaces that will be used only by the church staff and members. The pastor's office may be one example, the sacristy may be another.

Shared — Spaces that your church still wants to use but is open to other groups using as well. These spaces are great for one-off events or regular activities that don't require exclusive access to or use of the space. Most of your spaces will probably fall into this category.

Exclusive — Spaces that your church doesn't need for regular activities and that could be offered to a renter who prefers or requires sole access to the space.

For each space (except MEP and circulation spaces), identify how frequently the space is currently used. Choose between:

Used Regularly — Spaces used by the church and/or an outside organization at least twice per week.

Used Sporadically — Spaces used by the church and/or an outside organization fewer than four times per month.

Not used — Spaces with no regular activities or events, used a few times a year but no more.

Limited Use/Storage — Rooms (not closets) whose use is limited because they are currently being used for storage.

Applying these two new identifiers to each space, review your entire facilities list. Given what you know now about how your facilities are used, consider the following questions:

1. **Which spaces are used only by the church and not very often?** If you have a room that is dedicated to church functions but used only sporadically, you might want to consolidate that room's function with that of another space.
2. **Which spaces could be opened up by consolidating storage?** It's a law of nature that an empty room collects stuff. By consolidating storage (and getting rid of items you don't use), your church can create more opportunities for community groups and renters.
3. **Which spaces would be good fits for long-term, exclusive renters?** These would be organizations, groups or individuals paying an annual fee for sole use of the space. This could include mental health counselors or nonprofit organizations looking for office space, or a larger organization that hosts programming all day.
 - You may have blocks of rooms that would be available for exclusive use — such as an education wing. These can be great opportunities for anchor tenants, who would want to host all their operations and programming in the facilities (e.g., a day care center, an adult night school, etc.). A real estate broker can help you assess large portions of your campus and recruit a tenant.
4. **Which spaces would be good fits for one-off or regular short-term renters?** These spaces are needed by the church but only once a week (or less frequently). Renters might be local organizations that have programming on a regular basis but don't need exclusive use of the space. Examples might be an after-school tutoring program, a 12-step group, etc.

Based on your findings and discussions, create a list of spaces that you hope to share or activate in the next six months. There may be additional spaces that need some more work before you can offer them up for community use; create a task list and assign volunteers to get these spaces ready.

STEP 2 Identify Your Limits

Your church should be proud of all the ways your building serves your community; you are the stewards of the property and all that it makes possible. For many churches, hosting many different organizations, groups, activities and events on their campus comes with a learning curve — expect challenges and frustrations as you start sharing your space. Knowing the limits of your staff, leaders and congregation is crucial to the learning and growing process.

There are different limits that you need to consider as you build a recruitment strategy for new users. These limits may change from year to year, based on staff and volunteer capacity, experience in managing outside groups in the buildings, and your congregation's enthusiasm for sharing your buildings. Understanding your limits will help you find the organizations, groups and activities that will best fit your church's mission and capacity. **Discuss the following with staff and lay leaders.**

Mission and Values — Church property is more than just stained glass and Sunday school rooms — your facilities facilitate the work of God. The activities in your building should connect with your mission, vision and values.

- What kinds of organizations/groups would be a good fit for your mission? Why?
- What kinds of organizations/groups would probably never be a good fit for your mission? Why?

Safety and Access — Many of your new users will probably use the space during weekdays, when your congregation is absent. Consider the capacity and comfort of your staff and leadership in managing users' access and presence.

- How easy/difficult is it for staff to admit folks to the building and the spaces they are using?
- In what circumstances would you be OK with giving an outside organization keys to the building?
- In what circumstances would you be OK with giving an outside organization keys to a particular room/space in the building?
- In what circumstances would you be OK with an outside organization using the building **without** church staff or volunteers on site?

Labor and Liability — Every use of your space has costs, such as additional cleaning labor/supplies, wear and tear on your space, or additional insurance coverage. Additional monetary costs can be added to the user's fee, but labor capacity and liability capacity are less flexible.

- What kind of cleanup and setup is your staff able to do for users?
- What labor could your church expect of space users if you gave them clear instructions (e.g., taking out the trash)?
- What specific activities or events would fall outside your liability insurance? What specific activities or events are staff anxious about hosting?
- Which of the listed activities would you be OK with if the user provided additional money or carried their own insurance?

Discussing these questions will help you understand your church's capacity to manage groups in the facilities and will be key in developing effective space-use policies. After talking through these factors, you should have the information you need to determine:

- Which kinds of activities, events and organizations your church can host and which kinds you can't.
- When your facilities (and individual spaces) are available for use by outside groups.
- What the church expects from its staff and outside groups regarding setup, cleanup and safety.
- Who can possess keys to the facilities and individual spaces, and when they can access them.

STEP 3

Promote Your Space

Now that you have a good sense of what your church can offer outside users (and how you can offer it), you're ready to spread the word. Recruitment of space users is a proactive outreach initiative. There are many opportunities and avenues to promote your church as an available space for the kinds of activities, events and organizations you are excited to host. Pursue any avenues that you can — the more ways you can get the word out, the more successful you will be.

Add to Your Web and Social Media Presence

This is a simple step you can take immediately to help community groups and neighbors see your facilities as open and available to them. Publish a webpage for space rentals (with a dedicated link in the navigation bar) that highlights the spaces your church has for rent. Include at least one high-quality image and a short description of each space and the uses for which it is available. Make sure to include contact information for the staff/volunteers who are managing space use requests. You can also include an embedded request form on your page. Make regular posts on your social media pages that promote your space, along with a direct link to your dedicated web page. More guidance and some sample web pages are available in "Space Rental Website Guidance."

Leverage Your Congregation Members

Church members are great ambassadors to the wider community and can be valuable mouthpieces for your church's space use goals. Your members may sit on boards that need meeting space, be employed by organizations that need one-off event space, or be involved with volunteer or community groups that are looking for program space. Invite congregation members to host their personal and professional events at the church (you can even give them a discount). Announce in worship (more than once) that your church is looking to host more community groups, activities and events. Publish regular blurbs in your church newsletter and send special emails to your listserv.

Invite Community Leaders to Tour the Facilities

Unless your neighbors and stakeholders are members of your church, they may never have seen the extent of your facilities and all your church has to offer. Community members are often excited to learn more about their local churches and new opportunities for collaboration and connection. Inviting community leaders to tour the facilities and conversing with them about who could use your space will yield new ideas and relationships. You can invite individual stakeholders for exclusive tours and/or host a building/community conversation with multiple stakeholders. Make sure you invite your local councilperson or alderperson and staff, your local chamber of commerce and your local public library — these stakeholders often have the most comprehensive knowledge about your community's needs for space and to whom you should reach out.

Reach Out to Current and Past Users

Your church probably has a list of groups that have used your space in the past three years. These are great folks to inform about the expanded use of your facilities. Call or email these groups, asking for a conversation about their current and future space needs and how your church might be able to accommodate them. Also ask about other organizations that might use your space.